

## Message Text

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46

ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 /018 W  
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R 181020Z JUN 75

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 646

INFO AMCONSUL KARACHI

UNCLAS ISLAMABAD 5545

DEPT PASS T.R. LANAGER, ARTHUR ANDERSEN AND CO., ONE FINANCIAL  
PLAZA, HARTFORD, CONNECTICUT, U.S.A.

E.O. 11652: N/A

TAGS: BIDS, PK

SUBJ: ASSISTANCE TO AMERICAN FIRM ARTHUR ANDERSEN AND CO.

REF: YOUR COMMERCIAL CABLE TO US CONSULATE GENERAL AND OUR  
INTERIM REPLY OF JUNE 2

1. EMBASSY HAS NOW RECEIVED THE FOLLOWING LETTER FROM MINISTRY  
OF FINANCE: QUOTE

CENTRAL BOARD OF REVENUE  
GOVERNMENT OF PAKISTAN

FROM: MR. ALVI ABDUL RAHIM  
SENIOR SECOND SECRETARY.

D.O.C.NO. 73(11)I.T-2/75 ISLAMABAD THE 13TH JUNE, 1975

DEAR MR. AMSTUTZ,

WITH REFERENCE TO YOUR LETTER DATED 10TH JUNE, 1975 ADDRESSED TO  
THE MEMBER (INCOME TAX), CENTRAL BOARD OF REVENUE, I AM DIRECTED  
TO INTIMATE THAT WITH-HOLDING TAX RATE APPLICABLE ON A DIVIDEND  
PAYMENT FROM A PAKISTANI COMPANY TO A UNITED STATES PARTNERSHIP  
SHALL BE 30 PERCENT OF DIVIDEND INCOME. IN CASE TAX ON THE SAME  
INCOME WAS TO BE PAID AT A HIGHER RATE HAD THE INCOME BEEN EARNED  
BY A RESIDENT OF PAKISTAN, THE U.S. PARTNERSHIP WILL HAVE TO PAY  
TAX AT SUCH A HIGHER RATE. AN EXTRACT FROM THE RELEVANT  
PROVISIONS OF THE PAKISTAN INCOME-TAX ACT, 1922, IS ENCLOSED  
FOR REFERENCE.

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THE RATE MENTIONED IN THE PAK-U.S. TAX TREATY IS NOT  
APPLICABLE TO U.S. PARTNERSHIPS BUT TO U.S. COPORATIONS.

YOURS SINCERELY,  
(ALVI ABDUL RAHIM)

MR. J. BRUCE AMSTUTZ  
ECONOMIC/COMMERCIAL COUNSELOR  
EMBASSY OF THE UNITED STATES  
ISLAMABAD UNQUOTE

THE RELEVANT PORTION OF THE ENCLOSURE IS: QUOTE: 17 - (1) WHERE A  
PERSON, NOT BEING A COMPANY, IS NOT RESIDENT IN PAKISTAN, THE TAX  
INCLUDING SUPER-TAX, PAYABLE BY HIM OR ON HIS BEHALF ON HIS TOTAL  
INCOME SHALL BE AN AMOUNT EQUAL TO -

(A) THE INCOME-TAX WHICH WOULD BE PAYABLE ON HIS TOTAL  
INCOME AT THE MAXIMUM RATE, OR THE INCOME-TAX  
WHICH WOULD BE PAYABLE ON HIS TOTAL INCOME IF IT  
WERE THE TOTAL INCOME OF THE PERSON RESIDENT IN  
PAKISTAN, WHICHEVER IS THE GREATER, PLUS

(B) THE SUPER-TAX WHICH WOULD BE PAYABLE ON HIS TOTAL  
INCOME IF IT WERE THE TOTAL INCOME OF THE PERSON  
RESIDENT IN PAKISTAN. UNQUOTE.

2. WE ARE ADVISED BY THE FINANCE MINISTRY THAT THE PRESENT  
MAXIMUM WITH-HOLDING TAX RATE IS 30 PERCENT, SO THAT THE PREVISO  
THAT A HIGHER TAX MUST BE PAID IF A PAKISTAN RESIDENT WOULD HAVE  
HAD TO PAY A HIGHER TAX WOULD NOT APPLY. WE ARE MAILING YOU  
COPIES OF OUR ENTIRE CORRESPONDENCE WITH THE FINANCE MINISTRY,  
ALONG WITH THEIR EXPLANATION OF THE TAX PROVISIONS INVOLVED.  
LUPPI

NOTE BY OC/T: NOT PASSED ABOVE ADDRESSEE

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## Message Attributes

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